

1 Verification Company. I think that's what they
2 are called. And we had some pretty good success
3 with them.

4 At that time, it was reported to me
5 that our phone system, though, could not
6 three-way into the verification company. We had
7 old T-1's, that's what was reported to me. And
8 then in the last four or five months, I guess, we
9 have expanded upon using this other company, and
10 we actually found out in talking with other
11 Ameritech reps that they wanted to sell us
12 updated equipment and new equipment. So somebody
13 had the bright idea to try to do three-way
14 calling just from the telemarketing phone. And,
15 sure enough, we could three-way. So we probably
16 would have made the move earlier to The
17 Verification Company if we hadn't been given that
18 piece of information that our phone would not
19 allow us to do three-way calling. But at this
20 time, The Verification Company, which I think
21 they are out of Florida -- they are doing all of

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1 our verifications.

2 Q. And what is the name of that company?

3 A. The Verification Company.

4 Q. So approximately when did the business
5 relationship with Great Lakes Verification
6 Company and Business Options cease --

7 A. I think probably in 1996.

8 Q. -- and you didn't use Great Lakes?

9 A. In 1996.

10 Q. Okay.

11 A. Now the verification script went
12 along. Any time we hired these other company,
13 the verification script went. They used the same
14 verification script; they never put their own
15 name into it until Keanan uncovered maybe five
16 months when F&G Verification was still using the
17 script with the name Great Lakes Verification.

18 Q. How long has that situation been going
19 on that you mentioned -- was it F&G?

20 A. F&G Verifications.

21 Q. F&G Verifications, how long did they

1 have a business relationship with Business
2 Options?

3 A. Two years.

4 Q. From approximately when to when?

5 A. I am guessing it was early 2001 until
6 June of 2003. We just recently -- As part of an
7 overhaul of making sure that we were doing
8 everything we were supposed to be doing and doing
9 everything exactly as I felt it should be done, I
10 just recently elected to get rid of that whole
11 relationship.

12 Q. So there was -- We have received some
13 verification scripts --

14 A. Yes.

15 Q. -- that were used in 2002 --

16 A. Yes.

17 Q. -- that makes reference to Great Lakes
18 Verification Company.

19 A. Yes.

20 Q. Are you telling us that at that point
21 in time, Great Lakes Verification Company didn't

1 even exist?

2 A. Yes.

3 Q. And that instead of Great Lakes
4 Verification, we should read in that "F&G?"

5 A. F&G Verifications, yes.

6 Q. So then to follow up on that, for
7 roughly a two-- year period of time you mentioned
8 that Business Options had a working
9 relationship -- a business relationship with F&G
10 Verifications, to your knowledge?

11 A. Well, his name is Alan Furmankiewicz.

12 Q. So he was the accountant?

13 A. Yes.

14 MR. HAWA: I may have the spelling of
15 his name.

16 MR. SHOOK: That would probably help.

17 MR. HAWA: I have

18 F-U-R-M-A-N-K-I-E-W-I-C-Z.

19 MR. SHOOK: Thank you.

20 BY MR. SHOOK:

21 Q. Has Mr. Furmankiewicz provided any

1 service to Business Options other than being the
2 head of this F&G Verification?

3 A. Yes.

4 Q. What services have those been?

5 A. Accounting services.

6 Q. Such as preparation of tax returns?

7 A. Yes.

8 Q. Financial statements of some kind?

9 A. Um --

10 Q. I can be more specific. Income
11 statements?

12 A. I don't know that we have had to file
13 any income statements. I don't believe that he
14 prepared any income statements that were being
15 sent out by Mr. Brzycki. No, not that I know of,
16 has he done any financial statements. Primarily,
17 just tax work for us.

18 Q. Balance statements?

19 A. I don't think so, but I am not
20 certain.

21 Q. Your recollection is tax returns?

1 A. Yes.

2 Q. Would those have been federal tax
3 returns only?

4 A. No, federal and state.

5 Q. And that would be for Business
6 Options?

7 A. Any company that we are associated
8 with.

9 Q. Business Options, U.S. Bell?

10 A. Uh-huh.

11 Q. Buzz Telecom?

12 A. Yeah.

13 Q. Did Business Options have a written
14 contract of some kind with F&G Verification?

15 A. Yes.

16 Q. To your understanding, has that
17 contract been made available to us?

18 A. Yes.

19 Q. And so that's different from the
20 contract that we were talking about earlier
21 between Business Options and Great Lakes

1 Verification?

2 A. Yes.

3 Q. Do you have any recollection who
4 executed the contract on behalf of Business
5 Options?

6 A. I think it was on behalf of U.S. Bell.
7 I am not certain, but I believe Mr. Brzycki
8 and -- well, Mr. Brzycki.

9 Q. And then your recollection is Mr.
10 Furmankiewicz executed on behalf of F&G?

11 A. Yes.

12 Q. And you are saying now that as of June
13 of 2003, F&G no longer provides verification
14 services for Business Options --

15 A. That's correct.

16 Q. -- or Buzz Telecom?

17 A. That's correct.

18 Q. You had mentioned that there was a
19 time when there was some kind of employee sharing
20 between Buzz Telecom and F&G --

21 A. Uh-huh.

1 Q. -- Verification. Did I get that
2 right -- that there was some kind of sharing of
3 employees?

4 A. Uh-huh.

5 Q. Do you have any recollection as to
6 which employees they were?

7 A. Ida Irizarry comes to mind. And I
8 don't know the other employees. I don't know the
9 other people in the verification company.

10 Q. Approximately how many Buzz Telecom
11 employees were involved in this sharing
12 arrangement?

13 A. Well, they left Buzz Telecom to go to
14 work inside The Verification -- I want to use the
15 name, "The Verification Company," because that's
16 the new one. But they went inside F&G
17 Verifications. When I say "share," they didn't
18 do some verifications and some cleaning of the
19 bathrooms or anything like that. They went and
20 worked for F&G Verifications. And I don't
21 know -- it may have been four people. Those

1 people may have been turned over. Some may have
2 quit or been fired or been replaced, I don't
3 know. But I think they had roughly four people
4 in there at our highest production time period
5 and maybe one at our lowest.

6 Q. With respect to the script that was
7 used by F&G Verification to determine that a
8 consumer had talked to a telemarketer from Buzz
9 Telecom or from Business Options, what role, if
10 any, did you have in determining what the
11 verification script looked like?

12 A. I had a role in it. I had to make
13 sure that it was satisfactory. Well, let me back
14 up. Before third-party verifications became
15 popular, we used to, as part of our telemarketing
16 arrangement, the way that it used to be is you
17 take their order and then sent them out a letter
18 describing the products they bought. And they
19 had a postcard to send back, which they had 14
20 days to respond, which is the way most
21 telemarketers operate, and we did as well. But

1 during that time, we had a verification -- maybe
2 we called it validation because verification
3 wasn't a term that was broadly used. But we
4 would have our telemarketers tape-- record the
5 verification script at the end of the phone
6 conversation, even though they were going to send
7 out the form, just for quality control purposes.
8 So at the end of the phone call, they would say,
9 "Now we are going to record." We would make them
10 understand that we were not a local exchange
11 carrier and that we were switching their
12 long-distance. And we would use that tape to
13 either train the people or really find out that
14 the consumer wanted our product or wanted to be
15 our customer.

16 So I have always had an interest in
17 the verification script. I have always had the
18 idea that I wanted a customer that wanted to be
19 our customer. If they didn't want to be a
20 customer, it was just going to be a problem for
21 us further down the road. So I have always had

1 an interest in it.

2 So Mr. Brzycki or myself, somebody
3 from our company, would ensure that our
4 verification script met whatever requirements
5 hopefully that the FCC or the UPC's had as well
6 as the billing collection companies. For
7 instance, the FCC -- I don't even know if it's
8 the FCC -- yeah, I think it is. I think they
9 have things included in verification. But the
10 billing companies, they want to make sure we
11 state their fees. If there is a monthly service
12 fee, they want it printed in the script, where
13 that's not necessarily something that the FCC
14 requires. So does that answer your question?

15 Q. Yes, it's a start.

16 A. Okay.

17 Q. Who, at Business Options, compares
18 what was in a verification script with, for
19 example, what the FCC rules required?

20 A. That was Mr. Brzycki's responsibility.

21 Q. Was it anybody's responsibility in

1 addition to Mr. Brzycki's to determine that the
2 verification script had all the elements that the
3 FCC's rules required?

4 A. Ultimately, I am responsible for the
5 company and everything that happens. So I would
6 say if there is another person, it would be mine.

7 Q. But this was Mr. Brzycki's
8 responsibility in the first instance --

9 A. Yes.

10 Q. -- to determine that the verification
11 script complied with the FCC's requirements?

12 A. Yes, that was what he was paid to
13 do -- that type of work for us.

14 Q. Was it also his responsibility to
15 determine that the verification script complied
16 with whatever state requirements existed?

17 A. Yes.

18 MR. HAWA: Could we take a short
19 break?

20 MR. SHOOK: Sure.

21 (A short break was taken.)

1 BY MR. SHOOK:

2 Q. All right. I want to ask a few more
3 questions about F&G --

4 A. Okay.

5 Q. -- Verification. We have been talking
6 a little bit about the script that F&G used?

7 A. Uh-huh.

8 Q. And to help lead into some of the
9 other questions, you had indicated that you had
10 some role in determining what the script should
11 be. Am I remembering that right, or was it
12 somebody else?

13 A. Mr. Brzycki and myself.

14 Q. Okay. That helps. And Mr. Brzycki's
15 responsibility was to determine that the scripts
16 complied with whatever requirements the FCC had?

17 A. Yes. I think we have used a
18 verification company from Iowa to Florida to one
19 right next-door to us. And I think we always
20 wrote the script, and we had to have it reviewed
21 by Mr. Brzycki and legal counsel or whoever it

1 was. But because we also had to have it approved
2 by the LEC's, I think that's why we were in
3 charge of writing it. Also, we are a regulated
4 company. I don't think the verification
5 companies are regulated by the FCC. I don't
6 know, but I don't think so.

7 So I think the way we have always done
8 it when we contract with a verification company
9 is we will send them our script -- our
10 verification script.

11 Q. Did the verification company -- Let me
12 be more specific. Did F&G Verification Company
13 have, to your knowledge, any right to alter the
14 script in any way that you sent to it?

15 A. Not without informing us, no.

16 Q. All right. But if it informed you
17 that it was going to change the script, it could?

18 A. As long as it was more to my liking.
19 If it had more guidelines, that would have been
20 fine. If they were going to take out pertinent
21 information that would be necessary, then we

1 would not have been in agreement with that.

2 Q. So it wasn't F&G's responsibility to
3 determine that the script complied with, for
4 example, FCC requirements?

5 A. I don't think so, just from the
6 standpoint that if a consumer complains, they are
7 not going to complain about the verification
8 company. Or if you guys want to contact
9 somebody, you are going to come to us. We are
10 the long-- distance carrier; we are the ones
11 responsible. So I think it's our role and our
12 responsibility to make sure a verification script
13 is compliant with federal and state laws.

14 Q. With respect to your current
15 relationship with The Verification Company, does
16 The Verification Company have any responsibility
17 to determine whether or not the script complies
18 with FCC requirements?

19 A. Again, I don't know contractually if
20 they do. But I know that we reviewed the script
21 prior to sending it to them. I don't know if

1 that answers your question. We found, actually,
2 in this proceeding issues that were -- I think
3 some of our questions -- the verification
4 questions had two questions in them.

5 Q. That was us.

6 A. Okay. You guys.

7 Q. Okay. So --

8 A. Anyway, the verification script that
9 we resent to The Verification Company, we made
10 sure every question being asked was only one
11 question at a time. But if this other company
12 wanted to take out something that was pertinent,
13 we would be opposed to it. If they wanted to add
14 things so the consumer understood more of what
15 they were getting, that would be fine with us. I
16 don't know contractually what the contract says.
17 But I think in the real world, that's how a
18 working relationship should be.

19 Q. With respect to F&G employees -- we
20 had already talked about a number of employees
21 having come from Buzz Telecom or Business Options

1 or U.S. Bell to work for F&G.

2 A. Yes.

3 Q. At any one time, how many employees
4 worked for F&G, to your knowledge?

5 A. Four.

6 Q. And do you know who it was that
7 actually hired those employees at F&G?

8 A. It would be Mr. Furmankiewicz. Now,
9 to fully give you the understanding, these
10 people's paychecks always was either a Buzz
11 Telecom paycheck or U.S. Bell paycheck.

12 Q. Even though the individuals worked for
13 F&G Verification Company, the individual's
14 paycheck came directly from U.S. Bell or Buzz
15 Telecom or Business Options, Inc.?

16 A. Yes. And that wasn't the case with
17 the processor, which was Tony Lowe, for
18 verification. He paid them, and then Mr.
19 Furmankiewicz -- maybe I was confused on his
20 definition of what employee leasing was, the term
21 he was using. Anyway, I hope I gave you the full

1 understanding that they received their paychecks
2 from Buzz Telecom, even though they worked for
3 Furmankiewicz.

4 Q. So Mr. Furmankiewicz was the person
5 who could hire or fire those employees?

6 A. Yes. If he did not want them working
7 for him, he would send them back to us, and we
8 would terminate them. I don't know if that ever
9 happened, but --

10 Q. Where did Mr. Furmankiewicz -- where
11 does he have his offices?

12 A. The verification office is right next
13 to our office, and he has got another office 20
14 or 25 minutes away. Mr. Furmankiewicz has an
15 accounting practice a little different than most.
16 He is not somebody that sits in his office. He
17 procured our account by coming out and visiting
18 us, and he developed a relationship where he
19 would visit us once a week at our offices. And
20 if we were busy, it was kind of nice. He did
21 work for the government for about 20 years; he

1 was a former IRS agent. And when he went into
2 his own private practice, that became his
3 niche -- he was someone who would go in and work
4 on site. So he became familiar with our
5 business. And then when we decided to end the
6 relationship with Mr. Lowe, he wanted to take
7 that opportunity.

8 Q. So approximately how long has Mr.
9 Furmankiewicz been providing accounting services
10 to U.S. Bell, Business Options and Buzz Telecom?

11 A. Approximately three or four years.

12 Q. Now I am going to focus some questions
13 on just Business Options --

14 A. Okay.

15 Q. -- and then I will ask with respect to
16 the other entities.

17 A. Okay.

18 Q. In approximately how many states does
19 Business Options, Inc. currently have customers?

20 A. Approximately 46.

21 Q. Okay. Who are the unlucky -- or what

1 are the unlucky four or five?

2 A. I believe South Dakota, Arizona, and
3 then a couple of smaller states. I just don't
4 think we ever got certified.

5 MR. HAWA: Are you in Alaska and
6 Hawaii?

7 A. I don't think we have customers in
8 Alaska or Hawaii. I think we got certified in
9 Hawaii, but I don't know whether we did in
10 Alaska. That is information we could procure,
11 though.

12 Q. Well, in terms of the 46 -- it's
13 sometimes harder to count that way --

14 A. Right.

15 Q. -- than to count the places where you
16 don't have customers.

17 A. Right.

18 Q. That was the reason I posed the
19 question in that fashion.

20 A. Yes. I know we decided to leave South
21 Dakota just because we thought they had strange

1 laws that had to do with telecommunications. And
2 some, we just thought were too small.

3 Q. In other words, it cost more to
4 actually try to do business there --

5 A. Right.

6 Q. -- that the money you were going to
7 generate from the customers you could acquire?

8 A. Yes. I think Louisiana was one
9 similar to that. I don't remember what the laws
10 were, but --

11 Q. Now, in terms of operating in the
12 approximately 46 states, is that also the case
13 with Buzz Telecom -- that Buzz Telecom now
14 operates in approximately 46 states?

15 A. Buzz Telecom has very few customers,
16 so that would not be the same. We have not been
17 marketing as Buzz Telecom, other than to -- I
18 think we did some test marketing to see if the
19 name would sell just as well as Business Options.
20 So 99.9 percent of our customers are Business
21 Options customers.

1 Q. So even when U.S. Bell and Business
2 Options, Inc. Were co-existing, if you will,
3 most of the customers that the two companies had
4 were really Business Options customers?

5 A. Yes.

6 Q. You don't have to give me any dollar
7 figures here, but to your own understanding, your
8 own recollection, can you give me a rough
9 percentage of when U.S. Bell and Business Options
10 were going side-by-side, roughly how many
11 customers were Business Options customers from a
12 percentage standpoint?

13 A. A hundred percent were Business
14 Options customers.

15 Q. Excuse me?

16 A. A hundred percent were Business
17 Options. That goes back to that our plan was to
18 go from Business Options to a more user-friendly
19 name. We just have not quite gotten there yet.
20 At some point, we hope they will all be Buzz
21 Telecom consumers.

1 Q. So basically you had to stay with
2 Business Options as the place to attract your
3 customers because, as you had mentioned, there
4 was one of these unfriendly "Bell" companies --

5 A. Yes.

6 Q. -- that was going to give you a hard
7 time in the event you marketed under the name of
8 U.S. Bell?

9 A. We had started to get certified as
10 U.S. Bell throughout the states, and then we got
11 this letter, and we had to start the process all
12 over again with Buzz Telecom halfway through the
13 process with U.S. Bell.

14 Q. So the process you are referring to
15 with Buzz Telecom is becoming, for lack of a
16 better term, legal in the states you want to
17 market in?

18 A. Yes.

19 Q. And once you become legal, then you
20 can market in the name of Buzz Telecom?

21 A. Yes.

1 Q. And eventually you will have, if the
2 business plan goes wonderfully, many Buzz Telecom
3 customers?

4 A. Yes.

5 Q. And the number of Business Options
6 customers will essentially remain the same or
7 dwindle?

8 A. Yes.

9 Q. Is there some plan to migrate
10 customers from Business Options to Buzz Telecom?

11 A. I would like to do that, yes. I would
12 like to have one company or maybe two companies,
13 then file tax returns on everything else, and
14 then have just Buzz Telecom. That's a thought.
15 There is no formal plan to do that. But in my
16 mind, that's what I am going to do.

17 Q. Now, we have seen -- I don't have them
18 at my fingertips at this point, but we have seen
19 some tax returns that suggest there was an income
20 of U.S. Bell and Business Options -- U.S. Bell
21 having a greater income --

1 A. Okay.

2 Q. -- than Business Options. And
3 considering what you have just explained to me in
4 terms of customers being virtually all, if not
5 all, Business Options customers as opposed to
6 U.S. Bell, what explanation would you have for
7 the tax returns if they in fact showed what I
8 remembered --

9 A. Uh-huh.

10 Q. -- which is that most of the income
11 was going to U.S. Bell?

12 A. Okay. That would probably be a better
13 question for my accountant to answer. Do you
14 want me to look at something?

15 Q. Well, this is from the year 1999 -- or
16 actually, it's all three years.

17 A. Let me see if I can make sense of
18 this. I know exactly what you are talking about.

19 Q. Okay. Well, actually, let me show you
20 all of these. These were documents that we
21 obtained from you in response to our request for